

AMENDED IN ASSEMBLY APRIL 30, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 1365**

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**Introduced by Assembly Member Karnette**

February 23, 2007

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An act to add Section 7101.2 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1365, as amended, Karnette. California Arts Council: funding: sales and use tax revenues.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and requires that all revenues derived from that tax, except as provided, be deposited in the State Treasury to the credit of the Retail Sales Tax Fund. Existing law establishes in state government the California Arts Council and imposes various duties on the council to foster arts development and to award grants and prizes to individuals and organizations in the arts, as provided.

This bill would require that *20% of* all revenues derived from the payment of the tax imposed, as provided, in connection with the sale, or the storage, use, or other consumption, of a work of art, as defined, *and remitted to the State Board of Equalization by the taxpayers engaged in specified lines of business, as provided*, be allocated to the California Arts Council to be used exclusively for specified purposes, as provided.

By requiring that the revenues derived from the sales and use taxes, as provided, be allocated to the California Arts Council, this bill would make an appropriation.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7101.2 is added to the Revenue and  
2 Taxation Code, to read:  
3 7101.2. ~~(a) Notwithstanding Section 7101, 20 percent of all~~  
4 ~~revenues, less refunds, derived from the taxes required to be paid~~  
5 ~~to the state pursuant to Chapter 2 and Chapter 3 of this part in~~  
6 ~~connection with the sale or use of a work of art imposed pursuant~~  
7 ~~to Sections 6051 and 6201 and remitted to the board by the~~  
8 ~~taxpayers identified in the board's records as engaged in those~~  
9 ~~lines of business described in Codes 11 and 15 of the board's~~  
10 ~~business classification coding system or Codes 45110, 453920,~~  
11 ~~and 453998 of the North American Industry Classification System,~~  
12 ~~provided that the board has fully implemented use of the North~~  
13 ~~American Industry Classification System, shall be deposited in the~~  
14 ~~State Treasury to be allocated to the California Arts Council to be~~  
15 ~~used exclusively for the purposes specified in Section 8753 of the~~  
16 ~~Government Code.~~  
17 ~~(b) For purposes of this section, "work of art" means a work of~~  
18 ~~art as defined in subdivision (c) of Section 6365.~~